Altgeld, John Peter

Governor Altgeld's Music hall speech

Chicago

[1897?]

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No. 10

GOVERNOR ALTGELD'S MUSIC HALL SPEECH.

An Answer to the Speeches of Bourke Cockran and Carl Schurz.

HON. JOHN P. ALTGELD.

Delivered at Central Music Hall, Chicago, Saturday evening, September 19, 1896, before th e largest audience ever assembled in that historic buildin :

I hold in my hand a printed opy of the speech of Carl Schurz, delivered in this city wo weeks ago, and a like copy of the speech of Mr. C kran, delivered one week ago. The first fills twelve col ns of closely printed matter in a newspaper, and both ve been advertised as the ablest arguments in favor o e gold standard that have yet been made. The gold dard advocates speak of them as containing Moses and the prophets, the law and the gospel of the money question. From the manner in which these people speak of them we are warranted in concluding that every argument and every fact that can be marshaled upon that side of the question are contained in these speeches. This being the case, we naturally examine them with the deepest interest, for if the gold standard is to be maintained we want to know what we may reasonably hope from it.

It would have given great relief to the minds of thou-

1896

sands of patriotic men to have had presented some balm for the ills of our land, and as I love my country more than party or honors, I am sorry to have to say to you that in these long speeches, containing, as we are told, the law and the gospel of the gold standard, there is not a line, not a sentence, not a syllable that offers any hope to the American people. That we are in distress is not denied in either speech, but there is no suggestion of a remedy. The substance of the whole argument is that we will be better off and suffer less if we keep quiet, and that the remedy proposed by the Chicago platform would only make matters worse instead of better, or, as Mr. Schurz puts it, the application of this remedy would be jumping out of the frying pan into the fire, and if he is correct in this, then the only question which is left for the consideration of those of our people who are dying in the frying pan is whether they would be any worse off in the fire.

TARIFF NOT THE CURE.

The straight-out adherents of McKinley have a panacea. They realize the unsatisfactory conditions in our land and propose to remedy them by an increase of the tariff. They feel that some hope must be offered to the American people, and having nothing else to present they ask us to again try the idea of increasing the tariff tax.

They ask the people to shut their eyes to the fact that the distress from which we suffer exists all over Europe as well as this country; that it exists in the countries having a high tariff and in countries having a moderate tariff and countries having no tariff at all, and is clearly due to some cause that has no connection with the tariff. They ask us to shut our eyes to the fact that we have already a very high tariff and that the decline in prices began many years ago under a still higher tariff and that it went right on under the highest tariff ever known in this country, called the McKinley tariff.

They ask us to shut our eyes to the fact that in 1888 the conditions in our country were unsatisfactory and that the remedy that was then proposed as a cure was an increase of the tariff, and that this immediately followed the election of Mr. Harrison, when the famous McKinley bill was enacted. They ask us to shut our eyes to the fact that under that law wages were not raised, prices kept steadily falling and that immediately after its enactment in 1890 there was a marked reduction in wages in several hundred of the largest manufacturing establishments of this country.

They ask us to shut our eyes to the fact that while the tariff shielded the manufacturer in some cases against competition it permitted him to fill his factories with the cheapest kind of pauper labor brought from the fields of Europe, and thus, instead of raising the wages of the American workman not only reduced their wages but drove them out of employment. They ask us to shut our eyes to the fact that it was in the spring of 1892, while the McKinley law was in force and while Mr. Harrison was President, that the famous Homestead labor riots occurred, being among the most bloody that ever took place in this country; that at that time the conditions of the laborer were rapidly getting worse and the prices of American products were steadily falling.

NO BENEFIT TO LABOR.

They ask us to shut our eyes to the fact that the McKinley law for the fiscal year ending June 30, 1894, produced a deficit to the United States treasury of $70,000,000. They ask us to shut our eyes to the fact that neither the laboring man of this country nor of Europe has derived any substantial benefit from the tariff because the employer is always permitted to fill his shop with cheap labor. They ask us to shut our eyes to the fact that the tariff is no longer a matter of theory but a matter of history. It has been tried and it has been found wanting. Consequently with the adherents of McKinley it is a question in this campaign of seeing how often they can fool the people.

Both Mr. Schurz and Mr. Cockran have been avowed enemies of this tariff. They cannot and do not offer it as a remedy for any of the ills of the land, and having no other remedy to offer and seeing no prospect of a change for the better under existing policies, they simply tell the patient that if he will only lie still he will suffer less than if he attempts to bestir himself. They have no remedy to suggest, but they strenuously object to permitting the people to do anything toward helping themselves.

That bishop who told an anxious negro that there were only two ways open for him, and that one led directly down to hell while the other led away off to eternal damnation, was evidently the man who furnished the text for both of these speeches. The negro scratched his head and replied: "If dat's so, massa, den dis chile takes to de woods." And if Messrs. Schurz and Cockran are correct then the American people will have to take to the woods.

NOT A LOCAL QUESTION.

In considering the question as to whether the demonetization of silver in the world reduced prices they shrewdly leave Europe out of consideration, shut their eyes to the fact that the effects produced there are the same as those produced here, treat the whole question as though it were local to our country, and then argue that inasmuch as there had not been many silver dollars coined in our country and those that were coined went abroad, because of the fact that they commanded a premium of 2 per cent, therefore, the demonetization of silver in the United States could not have affected prices because there was scarcely any silver here to drive out of circulation.

Let us first look at this theory. The greatest markets for most of American products were in Europe; whatever affected prices of commodities which were shipped there in the end affected the prices of commodities at home. Let us suppose that there was no silver in circulation in the United States, that as Mr. Schurz intimates, it was all in circulation in Europe, then it was doing the work of money in Europe, it was doing a work there which would otherwise had to have been done by gold; it practically displaced that much gold over there and permitted the gold to flow elsewhere. It increased the volume of money in the world, and in that way affected prices for the world, not simply in any one country, but for the world.

Under those conditions, so far as prices were concerned, it made little difference whether the owners of silver bullion brought it to our mints to be coined or took it to European mints to be coined. In either case it helped to swell the volume of money in the world, it helped to do the business of the world and helped to fix the standard of prices of property. Mr. Schurz knew this fact, and I, therefore, submit that when he, at the outset, tried to treat the question as a local one and to conceal from view the fact that if silver was circulating in Europe it was just as good as if it were circulating here, so far as prices were concerned, he was not making a fair presentation of the question. I do not care to use severer language, although I am aware that if a man speaking for the silver side was to pursue such a course he would be vehemently denounced as a pettifogger.

COINAGE OF [illegible]LVER MONEY.

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was that half dollars were a full legal tender for any amount, just as much as dollars were, and inasmuch as the country was new and poor it was thought that half dollars would be more convenient in circulation than dollars, and inasmuch as they could be used in payment of debts the same as dollars it made no difference, but the coinage was on the same basis as that of gold and any man having silver bullion could convert it into money just the same as though it were gold, and the treasury tables given out at Washington show that from 1806 down to 1873 there were $154,318,071 of silver coined in this country.

In 1871 there were 1,117,127 of silver dollars coined—not subsidiary coins, but dollars—and in 1872 there were 1,118,600 silver dollars coined, being nearly twice the number ever before coined in one year. Bear this in mind, the two years before silver was stricken down there were nearly twice as many silver dollars coined as in any previous year. Mr. Schurz knew these facts, and yet he presents his figures in such a way as to make the impression that no silver had been coined in this country, and therefore we demonetized nothing.

PER CAPITA CIRCULATION.

His next claim is that we had more money per capita in circulation in 1895 than we had prior to the demonetization, and that, therefore, there was no reduction in the volume of money, and that consequently demonetization had nothing to do with the fall of prices. He says that in 1895 we had a total of $2,217,000,000 in circulation, making $22.96 per capita, while in 1873 we had only $18.04 per capita in circulation.

Now, this is based on the tables given out by one branch of the treasury department—that is, the director of the mint—and sometimes copied in the reports of other branches of the treasury, but they emanate originally from the office of the director of the mint, and they are not only wrong, but are well known to be wrong. In his report for the year 1892 the director of the mint explains the origin of these tables. They ascertained what specie there was in the country at the time of resumption, and they have added to it year by year the coinage and what the custom-house records show to have been imported, and they have deducted only what the records show to have been exported, and they assume that all the balance is still in circulation.

They made no allowance for what was carried over our southern boundary in a quarter of a century unrecorded, nor for what was carried over our northern boundary during that time unrecorded, nor of what was carried to China during that time unrecorded, nor for what was ... during that time, nor for what was used in the arts ... a quarter of a century without a record having been ...e of it, and they make no allowance for what was ...ed to Europe in the pockets of American citizens ...ling abroad and of which no record is made, yet in ... of his reports the director of the mint says it was ...ated that the American travelers in Europe during ...ear of the Paris exposition spent $90,000,000. Of course ...most of that we may presume was in the shape of ...s of credit and therefore a record was made of it, ...no record was made of what they carried in their ...ts. Thus, you see that the tables become utterly ...less.

...n, in regard to paper money, they assume that every dollar that was ever issued by the government and is not shown by the records at Washington to have been canceled is still in circulation, a proposition too absurd to be discussed.

THE ACCURATE T... URY REPORT.

But the treasury depar... ves out another report that is accurate and it tells an entirely different story in regard to the amount of money we have in our country. The report is given out by the comptroller of the currency, who has supervision of the national banks. For several years past the comptroller has been sending a request to every bank in the United States, national, state and private, to report the amount of money they had on hand at the close of business on a particular day and to state what it consisted of. There are in the United States a little less than 4,000 national banks and about 5,000 state and private banks. Substantially all of these banks have responded to the inquiry and I have here the comptroller's report for the year 1895, and on page 15 he gives a summary of these reports. I will give you this in the language of the comptroller:

"The cash held by national banks on July 11, and by other banks at about that date, amounted to $631,111,290, classified as follows: Gold, $127,621,099; silver, $15,594,037; specie not classified, $19,298,363; paper currency, $342,739,129; fractional currency, $1,023,442, and cash not classified, $124,835,220."

The reports for several prior years were practically the same. At about that time there were in the United States treasury, all told, $329,517,713 available for circulation. Adding this sum to what there was then in all the banks of the United States, it makes $950,629,000. This constituted all of the money in sight in this country, except what there was then in the pockets of the people. There is no way of ascertaining definitely just what this would amount to, but, considering the fact that we had had several years of panic and idleness and distress, during which time most of the little savings had been used up, and considering the further facts that in recent years building associations have been formed in every village in the land, and the money that used to be saved or hoarded in a small way was drawn out and absorbed by these building associations, and that we have banks in almost every village in the land, and that all business men deposit every day, so as not to run the risk of leaving much money in their stores over night, it is apparent that the amount of money then in the pockets of the people was not large.

Good judges have asserted that when you take into consideration all of the poor laboring classes of this country and of the colored people of the south, and the fact that farmers had very little money, that an average of $5 per household would be a full average, and as there were then about 14,000,000 families, that would make $70,000,000. But, in order to cover every contingency, let us nearly double this, let us add another $50,000,000. This would make $120,000,000, being at that time, as we say, in the pockets of the people. Adding this sum to what there was then in the banks and in the treasury, it makes $1,070,629,000 as the total money in the United States available for circulation, less than half the sum named by Mr. Schurz.

VOLUME IS NOW TOO SMALL.

Now bear in mind that this is the result of an actual inventory made by all the moneyed institutions in this country, and therefore is the most reliable information which the treasury department has yet furnished upon this question. If you say we have underestimated the amount in the pockets of the people then add another $5 for each household and it will make only $70,000,000 more and still be only half the sum named by Mr. Schurz.

If Mr. Schurz knew these facts and withheld them from his audience and his readers and used figures that were incorrect for the purpose of making a wrong impression, then you will admit that he is not a safe guide. If he did not know these facts then it will be admitted he is

not a safe counsel. But in either case it is apparent that so much of his argument as was based upon the alleged amount of money we have in this country must fall to the ground.

The fact is, there is not enough money in this country at present to do its business. In all of the agricultural states of the south, the Mississippi Valley and the west, there is the greatest scarcity of money. The banks are unable to furnish what is needed, and even in the money centers a very little disturbance renders the banks helpless. Recently we had what is known as the "Diamond Match stock speculation," and a collapse followed, and so seriously did this single speculation strain the money market of this great city, with all of its large banks, that many of the banks had to refuse credits to their customers in legitimate business, and the banks, acting together, forced the Stock Exchange to close, so that there should be no market quotations on Diamond Match stock, for fear that otherwise a number of banks would be unable to meet their obligations and be ruined. A few years ago the banks of New York that are perniciously active in this money agitation actually refused to pay their obligations because they had not the money with which to do it, and forced the public to take clearing-house certificates.

Mr. Schurz says there are oceans of money lying idle, and then in another sentence he says that gold is now leaving our country and going to Europe because it finds profitable employment there. Naturally you ask if there are oceans of money lying idle in those money centers, then how can money going there from here find profitable employment there. He is no doubt correct in this, that there is congestion in money centers, but it is because of the constant downward tendency in prices which prevents prudent men from embarking in enterprises and using money for legitimate purposes. The heart is congested and the extremities are cold, a condition which always follows when a large portion of the blood is taken from a patient.

COUNTRY'S HOLDINGS OF GOLD TOO LIMITED.

In passing, I call your attention again to the fact that, on the 11th day of July, 1895, all of the banks in the United States of America together held only $127,629,099 of gold, and that sum, added to the hundreds of millions of gold that are supposed to be constantly in the treasury, constituted all the gold there was in sight in the United States. No sensible man now claims the poor people are hoarding gold; the fact is that even rich people rarely get to see it. In depicting the horrors which will come upon our country in the event of the election of Mr. Bryan, Mr. Schurz points out in a thrilling manner how $600,000,000 of gold would instantly take wings and vanish. Other gold standard orators have dwelt loud and long upon the vanishing of $600,000,000 of gold. It is one of the stock arguments met everywhere, and it is iterated and reiterated by the bankers themselves.

Now, in view of the facts published by the treasury department itself, and which will not be callenged by gold standard people, I am warranted in asserting that these bankers know that there are scarcely $200,000,000 of gold in the entire country, including what there is in the United States treasury. They know that if every dollar of gold were withdrawn from all the banks in this country it would make only a little over $127,000,000. When they therefore try to make the impression that there would be a contraction of $600,000,000 their conduct is in keeping with the whole history of this gold standard movement; that is, it is one of misrepresentation, deception and fraud.

These bankers further know, and Mr Schurz knows, that, no matter who is elected President, so long as they want to run their banks they will of necessity keep some gold, and it will perform the functions of money while they have it. The fact is, they could not well reduce the amount of gold they now have, and whoever is elected President, there will be little or no movement of gold from the banks of this country; but if it were all to go, and if that which is in the United States treasury were also to go, it would amount to only about $227,000,000 of gold. Therefore so much of the awful catastrophe that is to befall this land by the removal of $600,000,000 of gold, in the event of the election of Mr. Bryan, will not come to pass. It is one of those predicted storms that it is not necessary to insure against.

UNDERCONSUMPTION, NOT OVERPRODUCTION.

But the main fabric of the whole speech of Mr. Schurz is based upon the theory of overproduction. He insists that there is a fall in the price of silver and that this is due to overproduction; that there was so much more silver produced than formerly that it had to fall in price. You will readily see that if there was the same increase in the production of both metals then there was no reason why the relations which they bore to each other, or the market ratio which they bore to each other, should change. Mr. Schurz knew this. Why didn't he state it that way? Because he knew the facts were against him. He wanted to make an impression which he could not make without a suppression of part of the case.

Fortunately this is not a matter that we need to speculate about. We have history, experience and actual data upon this subject. According to the tables issued by the treasury department Aug. 16, 1893, showing the total production of gold and silver in the world at coinage value, it appears that from the year 1792, when our monetary system was founded, to the year 1852, the time of the great gold discoveries, being a period of sixty years, the total production of silver in the world, rating it at coinage value, was $1,769,197,000, and the total production of gold in the world during that time was $960,236,000; that is, on the average there was just about twice as much silver produced as gold during that time. The production of each metal varied, of course, during the different years, and yet the market remained practically the same during all that time. The tables giving the market prices show that during those sixty years there was a variance of only seven-tenths of one point, or just about the cost of exchange.

The same table shows that from 1852 to 1873 the total gold production of the world was $2,516,575,000, while the total silver production was only $989,225,000; that is, there was two and a half times as much gold produced as silver, yet the market ratio remained unchanged during these twenty-one years just as it had during the period of sixty years when there was twice as much silver as gold produced. Again, the same tables show that from 1873 to 1892, inclusive, the total gold production of the world was $2,176,505,000, while the total silver production was $2,347,-087,000, that is, the production of gold was nearly equal to that of silver.

DEPRECIATION OF SILVER.

During the first two periods silver was a money metal. During the last period it was not. Inasmuch as silver did not fall in value, as measured in gold, during the sixty years in which there was twice as much silver produced as there was gold, it is clear that had silver not been demonetized it would not have fallen when the gold production was nearly ec[illegible] to that of silver after 1873.

Again, silver has not [illegible]'n comparison with other property. By taking the [illegible] price of all commodities known to the market, it [illegible]d that a pound of silver

will buy as great an amount of commodities as ever. Silver occupies the same relation to the products of the earth and to labor today that it did before. It is gold that has gone up. The law, by striking down the competition, has given gold a monopoly. It protects gold against competition. Practically, the gold dollar is a 200-cent dollar. Nominally, it still has only 100 cents in it, but it takes 200 cents' worth of commodities to get one, when measured by bimetallic prices.

Consequently, we find, first, that there has been no increase in the production of silver when compared with the increase in the production of gold, and, secondly, we find that silver has not fallen when compared with property and the products of labor; therefore the entire fabric of Mr. Schurz's argument must fail to the ground.

WAGES AND THE RATIO.

Mr. Schurz next tried to convey the impression that wages have not fallen, and were therefore not affected by the demonetization of silver; and he says that wages have risen more than 60 per cent since 1860. See the ingenuity of this and ask yourselves whether this is a fair way of representing that question. All the world knows that wages have nearly doubled since 1860. The question is, how have wages been affected by the fact that this country and Europe demonetized silver and reduced the volume of money in the world between 1873 and 1879? Had he been candid he would have compared the wages for say twelve years prior to the general demonetization with wages for twelve years after that general demonetization was accomplished.

This subject of wages was carefully inquired into, in the year 1891, by a committee appointed by the United States senate. This committee made a thorough investigation. John G. Carlisle, the present secretary of the treasury, was a member of that committee. It made a long and full report, and it showed that between 1840 and 1873 wages had just about doubled, and then the report says: "After 1873 there was a marked falling off." The report goes on and shows that toward 1880 there was a slight rise in wages above the point they had recently fallen to, but never reached the point they had occupied before, and that soon thereafter a decline set in, which continued.

Mr. Schurz was once a member of the United States senate, and the investigation by this committee on the subject of wages must have attracted his attention. If he was thorough in his investigation he must have seen this report. Had he been thoroughly candid he would not have tried to make the impression that because wages had risen between 1860 and 1873 therefore they were still as high as they ever were. The fact is that there was a great fall in wages between 1873 and 1880, and there was a slight rally in 1880 due to causes which I will explain presently. This lasted for a comparatively short time, and since that time there has been a steady decline in wages. Wages and prices must on the average go hand in hand. Labor creates property; if property must be sold for low prices then labor cannot be paid high wages for creating it. This is axiomatic.

ARGUMENT OF MR. SCHURZ IS FALSE.

Mr. Schurz tells us that if the demonetization of silver had anything to do with the fall of prices, then the fall should have come instantly. I ask you to consider that statement and then tell me whether it is not contrary to the universal experience of mankind. Owners of property do not accept lower prices until they are obliged to. No matter what cause may be operating to reduce prices, owners of property hold it up as long as they can; they hold it up until the debts press too hard and the strain gets too severe, when they are obliged to let it go. So that the decline is never instant, and in the very nature of things comes gradually, the weaker holders giving away first and the stronger holding out till the last.

Further, silver was not demonetized by all of the countries at once. Germany set her face toward demonetization in 1871, but did not enact her law until 1873; our government acted in 1873, the other nations followed later. Holland acted in 1875, Russia in 1876, and Austria did not adopt a gold standard until 1879. It is true that owing to the fact that Germany, Italy and some other countries drew heavily upon the principal gold market of the world, which is London, there were serious monetary disturbances in London and some portions of Europe almost every year after 1873, and prices, and consequently business, were seriously affected in Europe during this year.

All of the leading financial writers of England refer to this fact, and although they insist on maintaining the gold standard for England, because she is a creditor nation, they attribute this fall in prices, this disturbance in business to the acts of the governments of Europe in striking down silver by law and establishing a gold standard, because these acts of government affect the supply and demand. By destroying silver they reduced the supply of money in the world. By adopting a gold standard they increased the demand for gold.

WHY DEMONETIZATION WAS NOT FELT AT ONCE.

In our country there were a number of reasons why the demonetization of silver was not immediately felt. First, the government had between 1866 and 1869 reduced the volume of paper money we had in this country, which was all the money we had, from one thousand six hundred and forty odd millions down to less than eight hundred millions, and had issued bonds instead.

This reduction in the volume of money then in circulation in our country was followed by a corresponding fall in prices which had been based on the former volume of paper money. The fall was so great that debtors were unable to meet the debts which had been contracted on the basis of prices formerly prevailing and the panic of 1873 followed as a necessary result of that. By issuing more bonds the government got coin and we resumed what were called specie payments.

When we began to rally from the panic of '73 Europe was feeling the effect of the demonetization of silver, but in our country we found that the balance of trade between us and Europe toward 1880 was greatly in our favor, so that according to the treasury tables there were added to the volume of money in our country from that source several hundred millions of dollars. Our gold mines were productive during that time, and there was a large addition to our circulating medium from that source.

Then the Bland-Allison act, which partially restored silver, was enacted in 1878, and required the secretary of the treasury to coin not less than two nor more than four millions of dollars per month. The effect of this was to add anywhere from twenty-five to forty-eight millions of dollars per year to our currency and thus helped to keep up prices. The increase in the volume of money in our country, according to the treasury tables, during these years was so great that prices and wages rose correspondingly from what they had been after the panic of 1873. But these causes were local and did not last, and in the course of a few years the general depression which had already spread over Europe, following the demonetization of silver, began to spread over this country, and from that time on has become more and more intense.

FALLING PRICES THE RESULT.

Both Mr. Schurz and Mr. Cockran treat the whole sub-

ject of falling prices as if it were simply a scramble between different citizens--between seller and buyer. If this were all, then the matter would not be of such transcendent and far-reaching importance, and would not so directly affect the welfare of the whole people. Neither grasps the great principle that falling prices first disturb business in its entire circle and affect the property of both rich and poor, and that when prices go very low they destroy the purchasing power of the great producing and farming classes, and that this destroys what we call the home market and forces manufacturing establishments to shut down, because there are not sufficient buyers to take what they make, and thus forces labor into idleness and destroys the purchasing power of labor and produces a general paralysis in the land. No matter what may be the cause of falling prices, their effect upon the community is more than a mere scramble between buyer and seller, and here is where all advocates of the gold standard fail to rise to the occasion, fail to meet the requirements of the case. Their treatment of this question is almost flippant.

In attempting to account for the fall in price of property Mr. Schurz selects wheat as an illustration, and he attempts to show that there has been a great increase in the annual production of wheat; that we have not only opened the whole northwest, which is producing wheat, but that our farmers have to compete with the wheat of India, Argentine Republic and of Russia, and he assumes that therefore the price of wheat had to fall.

There are three things to be said in answer to this. First, increase in production does not produce a fall in price, provided there is an equal increase in consumption. This is self-evident, and Mr. Giffen, the statistician of the British board of trade, has on different occasions pointed out that for more than fifteen years prior to 1873 the increase in the production of nearly all commodities in the world had been greater on the average, year by year, than the increase has been in any year since 1873, and yet, as he says, during all of those years prior to 1873 prices kept constantly rising, notwithstanding the enormously increased production, while since 1873 prices have been steadily falling, notwithstanding the fact that the increase was not as great as it formerly was.

The second observation is that wheat has not fallen in price any more than all other commodities. It has fallen no more than all property has fallen; has fallen no more than wages. It is not contended that Russia, India and the Argentine Republic have entered into competition in the production of all other products which our people put upon the market. These two points show that Mr. Schurz is entirely wrong in his theories.

SCHURZ VS. FACTS.

The third observation is that he is entirely wrong in his facts. The truth is that there has been scarcely any improvement in machinery for raising and harvesting wheat in the last twenty years, and the statistics show that there has been very little increase in the production of wheat in the United States in that time. More is raised in the northwest, it is true, but very much less is raised in the central and eastern states.

I have endeavored to get the most reliable data on this question from the reports of the various boards of trade and the government reports, which are recognized as the highest authority on this subject. The government reports show that the wheat crop for 1878 was more than 420,000,000 bushels, and that for the year 1896 the crop does not exceed 400,000,000 bushels. In fact, if the increase in population is considered, the wheat crop has constantly grown less in proportion to the consuming population ever since 1878. The wheat crop of this year is about 56,000,000 bushels short of what the average has been since 1878, and is 20,000,000 bushels less than it was that year. So that in spite of the opening of the new fields in the northwest there has been no greatly increased production of wheat in this country, and when compared with the consuming population there has been an actual falling off, yet twenty years ago the price of wheat was more than twice what it is now.

Again, in referring to the foreign wheat he endeavors to make the impression that there has been a great increase in production, and artfully selects a recent year of the highest production and compares that with an earlier year having the lowest production. The fact is that the world's wheat crop has remained substantially the same for sixteen years. In 1880 the world's production of wheat was 2,280,000,000 bushels. In 1885 it was 2,108,000,000 bushels, and that was the lowest crop of a number of years. In 1895 the crop was very large and amounted to 2,553,000,000 bushels. This year the world's production is 120,000,000 less than last year, and the total production of the world is smaller than it has been for six years, yet wheat is lower than ever before.

In addition to this the crop of rye, which, together with wheat, furnishes the bread of the world, is 170,000,000 bushels short, yet in spite of that fact the price of rye has fallen steadily with that of wheat. It may also be remarked that we have the smallest oat crop that we have had for many years, and yet oats is worth less than one-half what it was several years ago.

Now, why is it that with the wheat crop of the world 120,000,000 bushels short and the population increasing enormously and the rye crop 170,000,000 bushels short the price has reached the lowest point that it has ever reached in the history of the country?

ENHANCING PURCHASING POWER.

In order to get a more comprehensive view of the whole subject let us see what are the fundamental laws governing finance. There are two theories at present advanced in regard to the purchasing power of money. One is what is called the cost of production theory, under which supply and demand have but little influence, and the other may be called the quantitive or volume of money theory. This theory is based upon the law of supply and demand.

The cost of production theory has been seized upon by the gold-standard advocates of this country and is used as the basis of their arguments. It simply means that it takes on the average a definite amount of labor to produce a gold dollar, and it is the cost of this labor, the average cost of producing the gold dollar, that fixes its purchasing power, and after the dollar is once in existence then its purchasing power undergoes comparatively little change. It will always buy an amount of property that is equal in value to the cost of producing the gold dollar, and the question of supply and demand has but little influence thereafter upon this dollar. It is practically unchangeable and always the same, so say the advocates of the gold standard.

Under this theory it does not matter whether money is plentiful in the land or exceedingly scarce. The purchasing power of the dollar will always be about the same. It does not matter whether there are a thousand men scrambling to get the dollar, because they must have it, or whether there are only ten men scrambling to get it, the dollar will remain practically the same. It will buy no more property when a thousand men are struggling to get it than it will when only ten men are struggling to get it, and, of course, if this theory is correct, then the demonetization of silver had no effect upon the world's prices of products and property. If it is correct, you can wipe out one-half of the money that now exists

in the world and it will not affect prices. The purchasing power of the dollar being determined by the cost of production, it continues to be the same.

I imagine I hear some man say: "Why, that theory is contrary to the experience of the whole commercial world." Well, my friend, that makes no difference; gold standard advocates don't care about the experience of the commercial world. It is true that under this theory the gold dollar should have become very cheap in recent years because there is scarcely an industry, scarcely a field of production in which such tremendous improvements have been made as in that of gold mining. The labor-saving machinery introduced in the last quarter of a century in this industry is equal to if not greater than that applied to farming. It is exactly the same as that applied to the mining of silver. It costs less on the average to mine a gold dollar now than it ever did before, and yet a gold dollar will buy twice the product and twice the property that it did a quarter of a century ago.

Let me say in regard to this theory that the great statesmen and great financiers of Europe never entertained it for a moment; they brush it aside with the wave of their hand and look upon it as being ridiculous.

SUPPLY AND DEMAND.

The other theory rests chiefly on the law of supply and demand. Under it the total amount of money in the world forms the standard of measure of prices. When there is a large amount of money in circulation among the people prices are high; when money is exceedingly scarce among the people then prices are low. Under this doctrine if you wipe out one-half of the world's money prices fall correspondingly on the average. If you double the volume of the world's money prices will on the average double; that is, the general tendency will be that way. The price of any particular article or piece of property will again be affected by the law of supply and demand as relates to it.

The volume of money forms what may be called the line for prices. It is horizontal if money is steady; it inclines upward if money is increasing in volume; it inclines downward if money is shrinking in volume, and the general tendency of prices will be to move along this line, but the supply and demand in case of different articles will cause the price of those articles to from time to time either come slightly above or drop slightly below this line.

This theory or law, like the law of gravitation in the physical world, is in harmony with and explains nearly all financial phenomena. When carefully studied it will be found running through all the centuries and producing the same results everywhere. Under this law the demonetization of silver had to affect general prices throughout the world. That is, it had to lower the general level of prices, and this was the view which nearly all of the great statesmen and financiers of Europe took of the matter at the time.

But that is not all. Under this law two men require more money than one man, a thousand require more than fifty do. In other words, as population increases there must be a corresponding increase in the volume of money or there will follow a practical shrinkage, that is there will be less money per capita. Formerly there was added every year to the world's stock of money not only all of the gold but all of the silver, except what was used in the arts, the silver being about equal to the gold. This in a measure kept pace with the increase in population so that the increase in population would not necessarily affect prices, but now there is added annually only the gold that is produced, less what is used in the arts. In other words, there is added only one-half as much as there used to be, while the population is increasing at a more rapid rate than ever.

The necessary consequence of this is and will be that if this gold standard is maintained prices must go on slowly and steadily falling throughout all the years to come. So that the demonetization of silver tended not only to reduce prices and thus paralyze the enterprises and the industries of the world, but it also creates a condition which must give us a slowly but steadily increasing paralysis.

CHECKS, DRAFTS AND BANK NOTES.

It is true that about 95 or 96 per cent of our business is done by means of checks, drafts, bank notes and other substitutes for money, and that only about 4 or 5 per cent of our business is done in actual cash, and this fact has misled many men, and we hear men argue that there is but little money needed; that other things have taken the place of money, and therefore it does not matter whether there is much money or little money.

But these people lose sight of two things. First, that after all these checks, drafts, bank notes and other substitutes for money rest on money. Everyone admits that you must have some money, even though it be a little, to base these things on. No man has yet claimed that you can do away entirely with money and use these substitutes and get along. This being so, it necessarily follows that there is a limit to the amount of credit which a dollar can carry. That is, there is a limit to the amount of drafts, checks and bank notes that can be based upon a dollar. If this were not so, then if there were only one single dollar in the world, all business in the world could be done on credits based on that one dollar. But there is a limit to it.

The second thing that is lost sight of by those people is that the enterprise, industry and business of the world is always so great that it exceeds the credit which a dollar can carry. In other words, the enterprise, the business and commerce of the earth are always carried to the uttermost point possible. They load every dollar up with all that it can carry, and therefore when you strike out any dollar from under this load a certain part of the load must come down. When the amounts of checks or drafts are increased they do not release a certain amount of money and cause it to lie idle; the enterprise of men will immediately reload all the money that is so released with every bit of credit it can carry. That is always the condition of the commercial and manufacturing world in prosperous times. It therefore follows that when you reduce the amount of money in the world under these conditions, it is a much more serious matter than it would be if there were not these checks, drafts and other evidences of credit, because you destroy not only the given amount of money, but you pull down so much of the whole fabric of credit, or business, if you please, which has rested on that money.

FREE COINAGE THE REMEDY.

So when you increase the volume of money you not only make it possible to increase the amount of business in proportion, but you make it possible to increase the business twenty times as much as the actual increase in money, because every dollar of money will again be instantly loaded with credits. Therefore we say that opening the mints to silver will add to the stock of primary or legal tender money, and this will again be loaded with credits which will make possible an increase of business twenty times as great as the increase in money.

We sometimes hear it asked: "How will you get that money into circulation? Or what good will this increase in money do you if you have not anything to get it with,

if you have no property or any collateral?" That question is purely American and shows that in some things at least we are yet new. It needs but a moment's reflection to see that the additional money will get into circulation just as the money that is in circulation got there, and that when men again coin silver bullion into dollars or get certificates for it which are legal tender, which can be used in paying duties at the custom-house, which can be used in paying debts, they are not going to let that money lie idle, because it will not make it profitable any longer to have it so.

Money will cease appreciating in value then and they will go to building houses, building shops, building railroads, manufacturing and doing business; they will start activity in a thousand channels and a thousand fields. That will be the result. There will be an immediate demand for engineers, for skilled men, for clerks, for mechanics and for day laborers, and instead of laborers being obliged to tramp around the country in search of work which they cannot find, they will be sought for at their homes and requested to come over and go to work. The man who has nothing to sell except his muscle will find a market for that muscle. The man who has nothing to sell except skill will find a market for that knowledge, and very soon the whole community will feel the vivifying and the electrifying effect of an increase of blood and vitality in its veins.

CANDIDATE M'KINLEY QUOTED.

Let me read to you what Major McKinley said on this subject in 1892 during the presidential campaign when he was speaking of Grover Cleveland:

"During all his years at the head of the government he was dishonoring one of our precious metals, one of our great products; discrediting silver and enhancing the price of gold. He endeavored even before his inauguration to office, to stop the coinage of silver dollars, and afterward, and to the end of his administration, persistently used all his power to that end. He was determined to contract the circulating medium, demonetize one of the coins of commerce, and limit the volume of money among the people, make money scarce and therefore dear. He would have increased the value of money and diminished the value of everything else; money the master and everything else its servant. He was not thinking of the poor then, he had left their side. He was not standing forth in their defense. Cheap coats, cheap labor and dear money! The sponsor and promoter of those professing to stand guard over the poor and lowly! Was there ever more glaring inconsistency or reckless assumption? He believes that poverty is a blessing to be promoted and encouraged, and that a shrinkage in everything but money is a national benediction."

This is what Mr. McKinley, speaking to the Ohio Republican league, said about our President, Grover Cleveland. Mr. McKinley was right then, but wrong now—and the other gentleman has been wrong all the time. You notice that the Major distinctly recognizes the principle that demonetizing silver tended to make money scarce and dear, and that dear money meant low prices and low wages; that dear money means hard times and poverty.

BRITISH BIMETALLISTS' VIEWS.

I would like to read to you the language of Mr. Goschen, a great banker of London and late chancellor of the British exchequer, one of the great statesmen and financiers of the world today. I should like to read to you the language of Mr. Giffen, the statistician of the British board of trade. I should like to read to you the report of the royal commission on gold and silver made to parliament in 1888. I should like to read to you the language of a number of other great economists and financiers, men who for years have been assisting in the management of the world's affairs, who for years have had their fingers upon the pulse of the commerce and the business of the earth, who have watched the circulation of its blood and have felt its heart beats; men who are not theorists but who are first students and then practical men, and you would be astonished to see how their views are all in accord upon this great question. They hold that the law of supply and demand does apply to money. They hold that when the governments by law demonetize silver or wipe out any other actual money the governments thus by law reduce the world's supply of money. They hold that when the governments adopt a gold standard and make it the only legal tender money the governments by law increase the demand for gold, because by reason of the law more people must thereafter have gold than formerly had to have it.

INCREASING DEMAND FOR GOLD.

The work that was formerly done by silver has thereafter to be done by gold, and the necessary consequence of this is to increase the importance of gold, to double the number of people who have to have it, and in the end double the purchasing power of the gold dollar. Now, we insist that in harmony with the world's basic law of finance; in harmony with the entire experience of mankind; in harmony with the expressed views of the greatest statesmen, living or dead, that the demonetization of silver doubled the purchasing power of gold, so that it took twice as much of the products of the earth to get a gold dollar and pay a debt or pay taxes thereafter; twice as much labor as it formerly did.

DESTRUCTION OF HOME MARKET.

The consequence was not only to do an injustice to the whole debtor world, but inasmuch as taxes, interest, debts and fixed charges remained the same, it destroyed the purchasing power of the whole producing classes, because it took all they could scrape together to meet the fixed charges. This first destroyed business and necessarily forced the manufacturers to shut down, because there were no longer purchasers for what they made, so that in turn labor stood idle, and it was no comfort to tell the laborer that if he had a gold dollar it would buy twice as much as it used to. For, if there was no purchaser for what he made, there was no way to get any kind of a dollar. Thus there followed naturally universal paralysis and distress.

RESTORE PURCHASING POWER.

We insist that according to this same law the restoration of silver will tend to again raise prices and again restore the purchasing power of the farming and producing classes, and with the restoration of that purchasing power when the farmer can again spend money at the store, can again spend money at the shop, spend money at the college, spend money in travel, there will come universal activity. The manufacturer will again find a market for what he makes, and labor will be employed and the tendency will be to revive universal activity and prosperity.

In his denunciation of what he calls "cheap money," Mr. Schurz says that no one can show a single instance where fluctuating value of money has not caused disaster.

In another connection Mr. Schurz states that the greatest prosperity this country ever enjoyed was from 1850 to 1860. He might have broadened his assertion and stated that this prosperity was not confined to America, but reached the whole civilized world, and that these years

marked a material increase in the prices of all the products of human toil. It is abundantly proven that the years from 1850 to 1860 were years of growing wealth and power and increasing prosperity throughout the whole civilized globe. The cause of this Mr. Schurz does not understand, or seeks to conceal from his audience.

Gold was discovered in California in 1849, and about the same time the Australian and Ural Mountain mines were opened. This brought during the next ten years the greatest accumulation of gold that the world had ever seen. Up to 1850 the average annual production of gold in the world had been twenty or thirty million dollars. In a few years it rose to five times that amount. During the ten or twelve years succeeding 1851 it is estimated that the stock of gold in the hands of civilized man was practically doubled. Then the bond holders and money changers of Europe, aided by eminent political economists, insisted that the world could no longer sustain bimetallism under the ratio of 15½ to 1, but that it should be changed on account of the increase of gold to 10 to 1, or even 8 to 1, and that still better the world should entirely demonetize gold because money was too plenty, and therefore prices would be too high.

Following the teachings of those interested, Belgium and Portugal demonetized gold, Holland partially demonetized it, and other nations took steps in that direction. But in spite of all this, the old ration of 15½ to 1 was maintained even with the marvelous increase of gold, and the industry and enterprise of the world, stimulated by the increased supply of money, brought constantly rising prices and a degree of prosperity perhaps unequalled before or since. No such increase in metallic money has ever been known before or since in the history of the world, and this great prosperity conceded and urged by Mr. Schurz must clearly have some relation to the stream of gold that was poured into the currency of the world during the decade which he cites as the halcyon years of the Republic.

MINE OWNER AND FARMER.

Like the common run of gold standard orators, Mr. Schurz appealed to the prejudice of his audience by bringing in the mythical rich mine owner. Now there are two things to be said in regard to the mine owners. First, a rich mine owner is largely a myth. They are all in distress. Second, the price of the mine owner's products have not fallen any more than have the prices of farm products. They stand exactly on the same level. As measured by gold, silver sells for just one-half what it did, and that is true on an average of all farm products. The mine owner has an enormous advantage over the farmer in breasting the hard times in this, that when he finds that it does not pay to operate his mine he simply shuts it up, and the people who suffer directly are the laborers who are thrown out of employment, but the farmer cannot stop farming. No matter how low products go in price the farm has to go on as before. He must support his family there; he must make his taxes; he is obliged to go on cultivating his farm and raise more products whether they bring him big prices or a little price. So that the mine owner in the first instance does not suffer as much as the farmer, and can protect himself in a manner that the farmer cannot. Therefore in the future I would suggest to the gold standard orators that they drag in the rich farmer and use him as a bugaboo, as the man who is going to profit by the restoration of silver. But to show the utter want of consistency, if not of good faith, I call your attention to the fact that throughout the whole of Mr. Schurz's speech he speaks of a 50-cent dollar. He describes the conditions that are going to exist after Mr. Bryan is elected and after the new regime has been introduced, and he tells you how silver dollars will be worth only 50 cents under the new order of things and the great injustice that will be done to creditors by giving them dollars that are worth in the market only 50 cents. He dwells on this in a manner that is pathetic, and strange to say, he does this after having told his hearers that the mine owner was the man who was to be made enormously rich by the resoration of silver. Now if the mine owner is to be made rich, it will have to be by raising the price of silver in the market, and if by reason of the increased demand for silver and its use again as money the price of silver rises in the market, then there will be no 50-cent dollars. If all of the new silver dollars can be used to do exactly the same work that a gold dollar would do, then it is self-evident that the gold dollar will have to come down from its high perch and be worth no more than a silver dollar.

SAVINGS BANKS.

During the last few years we have heard a great deal about the deposits in savings banks increasing. This allegation, like that to the rich mine owner and the fifty-cent dollar, is constantly harnessed up and made to do duty by the gold standard people and one would get the impression that instead of stagnation in industry and in business in this country there was the greatest activity and that all of our people were employed and that everybody was happy. But the fact is, that inasmuch as the savings banks pay a high rate of interest, higher than the ordinary commercial banks do upon deposits, people of large means in many cases deposit their money in the savings banks rather than in the commercial banks. They do this because money cannot be used profitably in business and as they do not desire to loan it permanently they put it into the savings bank, where it can be withdrawn on short notice and where in the meantime they get the highest rate of interest, so that instead of the large deposits in savings banks at present being an indication that we are prosperous or that our laborers are employed they show in themselves that capital cannot be profitably or safely used in business or in manufacturing or any of the great industries of this country.

PANIC OF 1893.

Mr. Schurz attributes the panic of 1893 to the fact that, as he says: "The grave doubt arising in the public mind whether the government would be able to maintain the gold standard. We were then within a hair's breadth of a very widespread bankruptcy of the banks and only the wisest management and the utmost effort of the clearing houses prevented it." Now, Mr. Schurz is entitled to credit for being the only man in the world who made the discovery that the panic of 1893 was brought about by the cause he named and he is entitled to the greatest credit because of the fact that he never ran a bank or a business or a manufacturing establishment or a railroad and was never engaged, so far as we know, in any commercial business. He had an established reputation as a rhetorician and as a man who could make an equally good speech on any side of any question. If the panic of 1893 was due to the cause to which he ascribes it then we are liable to have panics of that character every year so long as the existing conditions continue, but, my fellow citizens, that panic was not local to the United States and the depression that followed from it is not local but exists all over Europe and in fact nearly all over the world and is most severe in the gold using countries. There was no doubt in the minds of the public at that time about England's maintaining the gold standard, nor about Germany maintaining the gold standard, nor about the other countries that have recently adopted a gold standard maintaining it, and yet in all of those countries the distress and paralysis is even more

severe than it is in our own. Mr. Schurz may be able to patent his idea in this country, but his letters patent will be worth nothing in Europe.

BOND SALES.

But perhaps the strangest part of the speech is that which emphatically endorses and commends the bond issuing policy of the present administration. I ask you to consider this a moment. During times of profound peace in less than four years the national debt of this country has been increased $260,000,000; not to support the government, for President Cleveland declared expressly that this was not needed to support the government as they had money in the treasury to meet the current expenses. It was done for the sole purpose of maintaining the gold standard by the government and of paying gold on obligations which on their face were payable not in gold but in coin which meant that they could be paid in other metal which the debtor, that is, the government, might select. This has been the law and the practice for centuries and the governments of Europe always acted upon it. Mr. Schurz suggests no change of policy and he offers no remedy; therefore, the existing conditions are to be continued and if it was necessary to issue $260,000,000 of bonds in the last three years we are warranted in assuming that it will be necessary to issue a similar amount in the next three years, and that this will continue to go on. Do you think that this is the right policy for our government to pursue? Every time a bond is issued the oppression of the men who toil is increased. The interest on these bonds is not produced in the banks or in the offices of the cities. It has to come out of the industry of the country. It has to come from the products of a country and the products of a country are created by the men who toil. The men who make and cultivate farms, who build and operate railroads; the men who build cities, the men who do the work of the land, the men who make our civilization possible. For I say to you that swallow-tail coats and big shirt fronts never yet laid the foundation of empire; purple and fine linen never yet built a mighty state. Perfumed handkerchiefs and bright neckties are not the forces that sustain the flag of our country in time of peril. The people who have to pay the interest on these bonds and ultimately have to pay the principal, whose sweat and whose toil has to produce the product to do it derive not one farthing's benefit from these bonds. The men who get the benefit of these bond issues are the class of people who manage by the aid of government to lick the cream and devour the fruit of other men's industry. Let the American people follow the sugg s ions of Mr. Schurz and our country will become a bond issuing country in perpetuity and the further down the vista of time that the American patriot glances the darker will be the cloud and the heavier will be the burden which his children must face.

NATIONAL HONOR.

Mr. Schurz and Mr. Cockran wring their hands in horror over what they call the prospect of sullying the national honor and paying our obligations or the interest on our obligations in anything else than gold, and they point to the fact that in 1890 Congress declared practically that it was the policy of this government to keep everything on a gold basis, that the world had accepted this, and for us to disregard that declaration would place us in the light of repudiators and dishonest men before the world. Just see how little substance it takes to enable a rhetorician to fill the air with ghosts. When was our great debt created? Long before 1890. And what kind of money did we get for the bonds we sold? We got paper for some and gold and silver for the remainder. Neither Mr. Schurz nor any other mortal has been able to point out wherein you wrong a creditor when you pay him in exactly the same money that he gave you. Neither he nor any other mortal has been able to point wherein you do an injustice to any man when you pay a creditor in money that has exactly the same purchasing power, that will buy as much property of any and every kind, and as much labor as did the money he gave you. I will agree with Mr. Schurz that a creditor should not be paid in money the purchasing power of which is much less than was that of the money that he gave to the debtor, but if it is dishonest to pay a creditor in money that is cheaper than the money that he gave the debtor, I ask you and ask the American people whether it is not dishonest to compel a debtor to pay a creditor in money that has twice the purchasing power as had the money which he got from the creditor? If paying the creditor in cheaper money than he gave the debtor is repudiation I ask whether compelling a debtor to pay his debt in money that is twice as dear as the money he got is not robbery?

BONDS PAYABLE IN COIN.

What are the facts? For both Mr. Schurz and Mr. Cockran carefully avoid referring to them. Substantially all of the bonds and interest-bearing securities of the United States now in the hands of our creditors at home and abroad provide on their face that they are payable, not in gold but in coin. No man could possibly be deceived in buying one of those bonds, and, with the exception of the bonds issued during this administration, they were not paid for in gold, but were paid for in coin, which meant gold and silver. What is true of the principal of these bonds applies equally to the annual interest. Every individual in the United States or in Europe that holds one of these bonds knew at the time he got it that the principal and interest were payable in gold or silver at the option of the government. You remember that a little over a year ago the president was so bent on fastening the gold standard upon our country that he asked Congress to authorize the issue of gold bonds, which he said could be floated on a lower rate of interest, but Congress refused to do it. Thereupon the government issued bonds of the same character that it had formerly issued; that is, coin bonds, and, according to the president, they brought less money in the market, because of the fact that they were not payable in gold. The bankers got them cheaper than they could otherwise have gotten them, by reason of the fact that they were payable in coin and not in gold. And yet, in the face of these well-known facts, Messrs. Schurz and Cockran have the assurance to tell us that we will be guilty of repudiation, and of sullying the national honor, if we do not pay those bonds in gold. Suppose a man advocating the coinage of silver were to stand before an intelligent audience and make such an argument as that, what would they call him? As I remember it, one batch of bonds was sold in the market for about seventeen millions of dollars less than the president assured us they would have brought had they been payable in gold; yet these bonds are like all other outstanding bonds that were sold cheaper by reason of the fact that they were payable in gold or silver; and instead of the national honor requiring us to pay those bonds in gold, national honor, common sense and eternal justice alike forbid our paying those bonds in gold if to pay them in gold will cost the American people one dollar more than it would to pay them in silver. If it is wrong to unjustly withhold anything from the creditor that is due him under the contract, then it is a crime to compel a debtor to pay something that he does not owe.

GREENBACKS, ETC.

But the bonds issued by the present administration were issued for the purpose of redeeming greenbacks and treasury notes in gold, and we are told that to pursue any other

policy will be repudiation. Let us see. These greenbacks and treasury notes have been outstanding almost ever since the war, and not one of the several hundred millions that are outstanding is payable in gold. But this is not all: The government has taken pains all along to tell the world exactly what these bills would be paid in. On March 18th, 1869, Congress passed what was called the "Credit Strengthening Act," reading as follows: "That the faith of the United States is solemnly pledged to the payment in coin or its equivalent of all of the obligations of the United States not bearing interest known as United States notes, and all the interest-bearing obligations of the United States, except in cases where the law provides they may be paid in a currency other than gold or silver." Notice here the specific declaration made in 1869, that both the non-interest bearing obligations and the interest bearing obligations of the United States were payable in coin, gold and silver. Then on January 14th, 1875, six years later, the specie resumption act was passed, to take effect January 1st, 1879. It did not provide for resuming in gold, but for resuming in specie, which meant gold and silver.

MATTHEWS' RESOLUTION.

Three years later, on the 25th day of January, 1878, the Senate passed a resolution which has become known as the "Matthews resolution," because it was introduced by Senator Matthews, a Republican from Ohio, and the House passed the same resolution on January 28th. This resolution reads as follows:

"That all the bonds of the United States issued or authorized to be issued under the acts of Congress hereinbefore recited are payable, principal and interest at the option of the government of the United States, in silver dollars of the coinage of the United States, containing 412½ grains each of standard silver and that to restore to its coinage such silver coins as a legal tender in payment of said bonds, principal and interest, is not in violation of the public faith nor in derogation of the rights of the public creditor."

Consider this resolution a minute. It was introduced by a republican and passed by both houses of Congress, and it expressly declares that all of the bonds already issued and all that may thereafter be issued under the acts of Congress were payable, principal and interest in silver dollars. This resolution did not change the character of the bonds, nor of the obligation. It could not. It simply declared what was the law at that time, that is, that the government being the debtor had the option of paying in any kind of money named in the bond, and inasmuch as the bonds were payable in coin and coin meant gold and silver, the government had the right that every debtor has of declaring which money it would pay in. If there had been a misunderstanding about the question before that, there was a notice to all the world, and, mark you, no fault was found with this, no bond-holders complained at that time, neither the eastern nor the European bond-holders sent their bonds over and claimed that there was a misunderstanding, they were not thrown on the market. There was no talk of repudiation, and if they were payable in silver then, when was the contract changed so as to compel us to pay gold now? A contract has two sides to it and every increased obligation is supposed to carry with it an increased consideration, and even if it were true that Congress had thereafter by mere resolution declared that all obligations should thereafter be paid in gold it would not make them so payable. Congress, as a matter of fact, never made such a declaration, but if it had it would be void if it increased the burdens of the debtor. Suppose Congress had by resolution declared that the holders of those bonds should give to the United States an additional sum of money to what they originally paid for them. Would the holders be obliged to pay? Nay, would not you have heard an outcry about robbery? If Congress could not change the contract with reference to the creditor it could not legally change it with reference to the debtor. So you see that under the contracts with the creditors and under the declarations of the government made to the world from time to time, the bonds and the interest thereon, as well as the greenbacks and treasury notes, are payable in silver, at the option of the government, and the eastern bankers so understood this all along and made no complaint, and it was not until Mr. Harrison was president and Mr. Foster was secretary of the treasury that they broached the subject of having these treasury notes redeemed in gold. This was in 1891.

PAYING GREENBACKS IN GOLD.

From January 1, 1879, to January 1, 1891, only a little over $34,000,000 of greenbacks were presented for redemption, or an average of a little over two and a half millions per year. You see there was no run on the treasury then because the policy pursued by the treasury up to that time did not offer a special inducement to make a run on it; but at that time Mr. Foster and the Harrison administration yielded to the influence of the eastern bankers and ordered treasury notes to be redeemed in gold alone, and the Cleveland administration did the same. This was in the fall of 1891 and see what has happened since then: During the four years following that date $351,000,000 of greenbacks and treasury notes were presented for redemption and redeemed, and to carry out this policy of redeeming these notes in gold, President Cleveland issued the $260,000,000 of bonds. Think of this amount. The burdens of the American people increased $260,000,000 in four years without benefiting the debtor a farthing. Had the same policy been pursued which we pursued before, of redeeming these notes in gold or silver at the option of the government very few of them would have been presented; there would have been no disturbance in the money market and no necessity of issuing bonds.

CRIMINAL POLICY.

This policy was a criminal policy and it is a child of and in keeping with this entire movement to fasten a gold standard upon the world; it is dishonest, it loads the people of this country with burdens for which it gives them nothing in return; it is a policy from which the masses of mankind all over the world derive no benefit; a policy which benefits only a few men who call themselves financiers, but whose mission in life seems to be to get something for nothing whenever they can get the government to assist them in doing so.

AMOUNT OF PRODUCTS TO PAY NATIONAL DEBT.

Let us see how the policy of the American government has affected the American people and who has derived the benefit of that policy. After we had resumed specie payments we were on the same basis with the other nations of the earth and our national debt amounting to about $2,000,000,000. At that time wheat was worth upwards of $1 per bushel and the price of all other American products ranged in proportion. At that time it would have taken about 1,800,000,000 bushels of wheat or a proportionate amount of other American products to pay the whole national debt. Since that time we have been paying for nearly a quarter of a century and at present the debt is a little less than $1,800,000,000; wheat is selling at less than 50 cents a bushel and the prices of all other American products on the average are in the same proportion, and to-day it will take 3,600,000,000 bushels of wheat or a proportionate amount of other American products to pay the remainder of the national debt, that is, after we have paid for twenty years, after a generation has labored to reduce this debt it now will take

twice the amount of American products to pay the remainder of the debt that would have been necessary to pay the whole of the debt at the time we resumed specie payments.

WHO PROFITS NOW?

We are a producing nation and the policy of our government has tended to reduce the prices of our products. Twenty years ago when a foreign bondholder took one of our thousand dollar bonds and clipped off the interest coupons for a year, amounting, say to $50, he could buy with them only from 40 to 50 bushels of wheat or a proportionate amount of other American products. Today when that bondholder clips off the coupons for a year's interest that same $50 will buy him 100 bushels of wheat or a proportionate amount of other American products. I ask you, my fellow citizens, in whose interest has the American government been run during this time? And if this policy is to be continued, if this gold standard is to be maintained, if we are to go on with a constantly increasing population and a non-increasing volume of money, then there must be a further and a continuous decline in prices over the world, and when another generation has spent its life paying at this national debt it will then take nearly twice as much of American products to pay the remainder of the debt then existing as it will take today to pay it. Is it any wonder that the gold standard people do not want this subject discussed? Is it any wonder that they charge that we are trying to arraign class against class when we call attion to what are simply the hard facts? The American people are the sufferers, and the only people who profit by this policy are the foreign and the eastern bondholders and their American agents. In one of the bond transactions under the present administration a New York banker and his associates, who represent English capital, made upwards of ten millions of dollars out of the government in a few weeks. Is it any wonder that those men want to continue this policy? Do you really think, my fellow-citizens, that a policy which lowers the price of all American products while it increases the American debt can be said to be wise American policy?

INDEBTEDNESS OF THIS COUNTRY.

The indebtedness of our country, when you consider the vast corporation, municipal and other debts, almost baffles computation. It is nearly all held abroad. The interest has to be raised by the toil and the labor of American people. It has to be paid by American products. Shall we pursue a policy which will keep the price of American products down so low that it takes practically everything that the American nation can earn to annually pay the interest on that indebtedness, and thus destroy their ability to buy, which means a destruction of the American market? Can we reasonably hope for any prosperity in the future? Talk about maintaining this gold standard and paying these vast sums in gold, why there is not gold enough in all the world to pay a fractional part of the interest on our debt in gold, and in recent years we have repeatedly seen gold manipulated in such a manner that a few great institutions control it. In other words, they were able to corner the available gold. I have already shown you that in the entire United States there are only $127,000,000 of available gold; that includes all the banks have and the amount of gold in sight in the world which is available at any time is very small, and we, therefore, must expect if we stay on this basis that gold will be cornered repeatedly from time to time. The speculators will profit and the producers will suffer.

TWO YARD-STICKS.

The talk about two yard-sticks of different lengths is unworthy of either these gentlemen. Everybody who has examined the subject knows that under bimetallism there are no two standards; that under bimetallism the sum total of the two metals taken together and considered practically as one constitute the standard and the measure of prices. When you take the sum total of the two metals it makes one standard the same as if melted into one. The fact that they are coined separately makes no difference so long as each performs the same functions. If the sum total of the two metals forming the standard and used as money is twice as great as the amount of either metal would be alone, then under bimetallism prices would range twice as high as they were under the single standard.

STEADINESS OF STANDARD.

Mr. Schurz claims that the gold standard is a steady standard and therefore desirable for the commercial transactions of the world. Other gold standard advocates have made the same declaration. It is impossible to understand why they have done so, for all the world's experience is to the contrary. England is a gold standard country. The Bank of England rests on a gold standard. France is a bimetallic country. While it has coined no silver since 1873, the Bank of France rests on the bimetallic basis. During the ten years from 1875 to 1884, inclusive, the Bank of France was obliged to change the rate of discount sixty-six times; the Bank of France only thirteen times; in other words, during those ten years the bimetallic standard was five times as steady as the gold standard. And during the seven years from 1885 to 1891, inclusive, the Bank of England was forced to change the rate of discount fifty-nine times, the Bank of France only six times. When one metal alone is the standard it is affected not only by the change in production, but by reason of its limited quantity is subject to manipulation, whereas when the standard is supplied from two sources there is greater steadiness in the supply and the volume being so much greater it is more difficult to manipulate.

PRICES AND LEGISLATION.

Mr. Cockran argues that you cannot change values, and then he uses this language: "A man may change prices by legislation." That sentence admits the charge made by the bimetallists and is in harmony with the views of the greatest European statesmen, who claim with the bimetallists that when the governments of the world demonetize silver they by legislation reduce the supply of money in the world, and when they adopt a single gold standard they by legislation increase the demand for gold, so that by legislation the law of supply and demand was in such a manner interfered with as to force up the purchasing power of gold to twice what it formerly was. If our committee were not so poor I should recommend that they give Mr. Cockran a check for traveling a thousand miles to make that admission.

COCKRAN ON WAGES.

Mr. Cockran further gave us the benefit of his views on political economy in this language: "Wages depend on production, and nothing else." Again he says: "Wages depend absolutely on production." If this is correct, and nothing further is needed than to produce, then all that is necessary is for the mills to start up and go to producing, and the more they produce the higher the wages they can pay, and everybody will be happy. If there are any manufacturers in the house, I ask you how this would strike you? Has Mr. Cockran covered the case? Is there not something wanting? Has he not left out the most essential element, and that is, the market? No manufacturer can run his mills unless he has a market for the things which his employes make, and it is strange that all of the gold-standard orators of the country persistently shut their eyes to the fact that until we restore the market there is no use of opening mills.

But it is not correct to say that the rate of wages is governed by production. Under our present system of industry the amount of production is one of the smallest factors that fixes the wages of the laboring man. Wages, like wheat or corn, or any commodity, are governed by the law of supply and demand, and this means the supply and demand of labor. If there are many jobs looking for a workman, wages are high. If there are many workmen looking for a job, wages are low. The only way to increase wages is to increase the avenues of employment by general prosperity and thus give the laboring men a chance to demand such share of the product as they rightfully earn.

All the labor organizations ever formed, and all the trades unions of the world, have recognized this principle. They have been the banding together of laboring men for the purpose of regulating the supply of labor, and in this manner affecting the price. Their theory is exactly the same as that of corporations who attempt to control the supply of their commodities for the sake of controlling the prices at which they sell. During the last few years, under the gold standard, mills have been closed, merchants have been bankrupt, the mortgages on the farms have been foreclosed, enterprise and industry have been stagnant, and the laboring man turned into the street to search for work. Under these conditions, where each man is bidding against the other for a place, wages must sink to the lowest level. Nothing can change it except the increased employment of labor consequent upon such a financial system as will give the manufacturers, the farmer and the business man assurance that the price of his product to-day will be sustained to-morrow.

OPENING MILLS.

ajor McKinley recently told some gentlemen that he ought it was more important to this country that we should open the mills to the laborer than to open the mints to the mine owners. This is an artful statement, calculated to deceive. Suppose he is taken at his word, and every mill owner in America opens up his mills, how long will they run; and if they are obliged to shut down, why will they be? Because there is no market for the things they make, and I say to Major McKinley that the only key that will open the mills and keep them open is an increase in the volume of money in this country. Let prices gradually come up to bimetallic standard and you will restore the purchasing power to the country. The farmer will again be able to buy, the railroad will be busy, and every business will increase with the general prosperity. The manufacturer will be busy, and the bankers and merchants will again be doing business. That is the only way in which the mills can again be permanently opened.

LABOR PAID IN GOLD.

I recently heard a gold-standard man make this argument to laborers: "Why you earn your bread by the sweat of your brow; you begin toiling early in the morning and you work until night, and when night comes you want to be paid in gold. You want a dear dollar. You want a dollar of the greatest purchasing power to buy you as much of the comforts of life as is possible." A very seductive argument. It looks plausible on its face, but like all the arguments offered on this gold subject it is fallacious, calculated to deceive and utterly ignores the fact that the laborer needs a market for what he produces. It is an insult to the intelligence of the laborer to tell him that the gold dollar buys more than any other dollar, if you do not at the same time tell him how he can make that gold dollar. If this subject of prices were the mere scramble between buyer and seller then the idea that the dear dollars were in the interest of laborers might be correct, but the trouble is that a dear dollar not only in this country but in all countries lowers prices and therefore means not only lower wages but by lowering prices and leaving the fixed charges the same it destroys the market. It has disabled those people from buying who formerly bought. To the laborer it presents itself this way. A dear dollar and no market for the things he makes; the mill closed, himself out of employment and his family out of bread.

CHINA AND INDIA.

China and India have lately been held up to us as horrible examples of the condition that we will reach if we coin both gold and silver. I have pointed out to you the effects that a reduced volume of money has upon the prosperity of a country, that, as the volume grows smaller and smaller the people sink lower and lower. In China the amount of money in circulation is only about $2.50 per capita, in India about $3 per capita, and while many things in both countries and in other countries that have but little money in circulation have contributed to the present unhappy condition of the people, the most potent of all causes has been the inadequate circulation of money, and if this gold standard is to be maintained for the world, if, as I have said, our population is to go on increasing at enormous rates all over the world and the volume of money does not increase, the tendency of our country will be directly toward the same conditions that exist in China and India.

LOCAL CREDITOR.

But, says someone, if you add silver to the volume of money will you not be injuring our own local creditors who have money loaned out? I say no, emphatically no. No creditor, be he banker or private individual, can possibly benefit or profit by having universal bankruptcy all around him. Every creditor, be he banker or merchant or private individual, does profit by having general activity around. It opens new channels for his capital it creates a demand for his money and he profits by general prosperity. There is just that difference between falling and rising prices. Falling prices not only injure the debtor but if long continued they in the end destroy the creditor, while rising prices help the debtor and by producing general prosperity increase the prosperity of the creditor.

MASSES AGAINST CLASSES.

In all ages and in all countries the men who are in the wrong deprecated discussion. In no country have dishonest policies sought the sun, and no organization of highwaymen has as yet petitioned for electric light. The man who has no argument seizes the nearest epithet and hurls it. These observations are singularly applicable to this gold standard movement. It is the hyena that has sucked the blood of commerce and left the prostrate form of labor by the roadside. It has rendered this nation helpless, and when the people try to learn the cause of their distress, when an effort is made to diagnose the patient, then there is a fierce howl. It came into the world with a stealthy tread, and is seeking to maintain itself by still more stealthy and dark deeds. Every man who does not at once concede to it the sole right of traveling upon the highway is assailed with a fierceness that is calculated to frighten the timid and all others who are in any way dependent. The gold standard people find that the facts are against them. They are obliged to resort to deception and sophistry to prevent the people from putting an end to this policy; therefore, they deprecate discussion. Unwilling to confess the truth, they talk about rousing the masses, etc. The fight is as old as human greed; as old as human selfishness. For twenty years prior to 1861 the slave power deprecated discussion, even in the North where there were no slaves, and they put their objection on the ground that it prejudiced the masses against the classes. There never yet was a great wrong or a great abuse but what objected to investigation and discussion. Prior to 1861 the slave holders

were assisted by the hanging-on class, that aggregation of human beings who are born to be obsequious, and to-day the gold standard people are again supported by the hanging-on class.

AMERICAN DEGENERATION.

It is a sad sight to see this grand century draw to a close and give such unmistakable evidence of degeneration of American manhood as we have recently seen. In 1776 less than three million men who were poor and even despised by the world declared that they were not only free but that they were independent of every other nation on the globe. In 1896, when we have seventy millions of people and are admittedly the richest and most powerful nation on the globe, when we are admittedly the most enterprising people on the globe, one of the greatest political parties of the nation in its convention at St. Louis declared to the world in substance that while we might be free we were dependent, that while a particular financial policy would be beneficial to this nation we could not have it until Europe consented to give it to us. That convention was run from beginning to end by the men who control trusts, syndicates and corporations. Had those men been in the convention in 1776, which was held at Philadelphia, the Declaration that would have been made by that convention on that famous morning of July 4th would have read this way: "Liberty and Independence are desirable, but we must wait until Europe gives them to us." Our fathers petitioned England long and earnestly, and when they found that it did them no good they declared their independence and were happy, and so long as there is a language spoken upon earth will men sing their praises. To-day the descendants of these men urge that we shall again go into the business of petitioning England. What a fall is this in patriotism and American manhood! Mark Hanna is raising millions of dollars with which to debauch and degrade the American voter—with which to debauch and degrade the American citizen, in order that he shall approve of this degenerate policy. If this movement shall succeed then our glorious republic has crossed the brow of the hill and we will slide down into the wastes and marshes beyond.

SAVING REPUBLICAN INSTITUTIONS.

If the gold standard is to be maintained, if prices are not only to remain low, but to go on falling while the interest on our enormous debts has to be met, then the producing power of this nation will in time be exhausted in the mere effort to meet the fixed charges. Our farmers, our mechanics and our laboring men will cease to be high spirited, free men who are proud of their citizenship, and they will sink to a lower status. They will sink to the status of the men who till the fields of Europe or the Valley of the Nile; they will not be able to educate their families; we will no longer have that patriotic yeomanry which has been the support of this nation in every crisis. We will have only extremely rich people on the one hand and an ignorant and helpless people on the other, a people whose minds are untrained and whose spirits are cowed; who neither understand nor appreciate free institutions. If this gold standard is to be maintained, then these conditions are near at hand, and when they come, then the days of the republic will be over.

NOT A PARTISAN QUESTION.

In 1861, when the drum beats called you to arms, you were not asked whether you were a republican or a democrat, you were not asked whether you were a whig or an independent; you were only asked whether you loved the flag and were ready to fight for it. In 1896 the question is not whether you are a republican or a democrat, whether you are a populist or a prohibitionist; the question is, do you love republican institutions and will you help maintain them? We are at the fork of the road, by turning to the left we pass permanently under a British policy, we go into the region of dear money and low prices, into the region of perpetual hard times for all men who toil. We go into the region where we will have Turkey, Egypt, India and Ireland for associates. But if we turn to the right, if we repudiate Hanna and his boodle, if we respect the memory of the fathers, if we again declare as they did that we are independent of every nation on earth, then this republic will leap forward on a career of grandeur and of glory, a career of prosperity and of happiness, a career that will elevate the sons of men and be a blessing to the people of the earth.

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